



## **H.R. 6283 - Delinking Revenue from Unfair Gouging (DRUG) Act**

Years of vertical and horizontal consolidation have resulted in a broken system where pharmacy benefit managers (PBMs) are rewarded when they favor medicines with high list prices, even if that means patients are left paying more than they should at the pharmacy counter. The DRUG Act breaks the link between the price of medicines and the fees PBMs charge to help fix incentives in the system that drive up costs for patients and employers.

Beginning in 2026, the DRUG Act would directly target these misaligned incentives in the commercial and Federal Employee Health Benefits markets by prohibiting PBMs from tying fees or other types of remuneration to the price of a medicine. Instead, the DRUG Act would require PBM fees to be structured as a flat fee based on the fair market value of PBM services.

Fixing PBMs' misaligned incentives to prefer higher priced medicines could increase coverage of lower cost alternatives, including generics and biosimilars, and generate savings for employers and plan sponsors. Patients with deductibles and coinsurance would also benefit from expanded coverage of lower priced medicines in the form of lower out-of-pocket costs.

In addition to the direct savings patients and employers can receive from access to lower priced medicines, the Congressional Budget Office assessed the impact of increased PBM transparency and this targeted policy and determined it would save the government \$654 million over the next decade. Additionally, the DRUG Act includes several other reforms to address PBM marketplace abuses:

- Bans 'spread pricing,' when a PBM charges the health plan more than they paid for a medicine;
- Prohibits PBMs from paying affiliated pharmacies more than independent community pharmacies for the same services; and
- Bans 'patient steering,' when a PBM encourages or requires patients to use its affiliated pharmacies instead of a pharmacy that is most convenient for them.

Reforms that hold PBMs accountable and provide relief to patients would spur more competition and make the market work as it should. Basing PBM fees on the services they provide, rather than the price of medicines, preserves PBMs' ability to negotiate their fees with manufacturers and other stakeholders, but doesn't reward behaviors that place profits over patients.